

City of Show Low

“Named by the Turn of a Card”



Popular
Annual
Financial
Report

For Fiscal Year Ending June 30, 2023

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The information contained in this document comes from the City of Show Low's Annual Comprehensive Financial Report (ACFR) and Annual Budget Document for Fiscal Year Ending 2023. Detailed information and the complete ACFR regarding the financial position of the City of Show Low can be found on our website at www.showlowaz.gov, or you may contact the Deputy City Manager via e-mail at jjohnson@showlowaz.gov.

Message from the City Manager

Dear Citizens,

The City of Show Low is pleased to present this summarized version of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ending June 30, 2023. The ACFR is audited in accordance with Generally Accepted Audited Standards (GAAS) and prepared in conformance with the Generally Accepted Accounting Principles (GAAP). This report reflects the City of Show Low's commitment to financial transparency, accountability, and communicating the financial position of the City.

The intent of this document is to clarify the reporting process in an easy-to-understand language allowing residents and visitors to see where their tax dollars go and how the management of the City's finances follow the Strategic Goals set by City Council. Through a conservative budget approach and a strong adherence to financial accountability and fiscal responsibility the City of Show Low's financial position is stable and continuing to improve through economic development and a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse.

The City looks forward to another successful year and to providing the citizens and visitors of our community a transparent and fiscally responsible local government.

Respectfully,

Morgan Brown
City Manager

Infrastructure: Preserve Existing Assets

- Appearance and image
- Beautify and maintain city facilities, parks, sports fields and cemetery
- Pleasing landscaping features in public areas
- Well-maintained city vehicles and equipment
- Maintain open space (e.g., Meadow Property) to retain small-town feel
- Maintain amenities
- Preserve and protect history



Quality of Life

- Downtown Development
- Beautify Downtown
 - Deuce of Clubs Streetscape and 9th Street Corridor
 - Overhead power line removal
 - Merchant façade improvements and way finder signs
 - Expanded parking
- Downtown and Signature Festival Marketplace serve as event venues



Economic & Community Development

Recreation as economic development tool

Tournaments and athletic events (Memorial Day softball, Little League district and regional, disc golf, triathlons, Bike the Bluff)

Events and Programs

City Sponsored:

4th of July Parade/Freedom Fest
City Anniversary/BBQ Throwdown
Show Low Shines Christmas Light Parade
Deuce of Clubs Drop (New Year's)

Co-Sponsored Events:

Show Low Days
Farmer's Market
Spooktacular Festival
Christmas Tree Lighting



Organization

City Employees

Our greatest resource = well-trained employees

Our No. 1 goal = provide quality services to Show Low's Citi-



DEMOGRAPHICS

	City of Show Low	Navajo County	State of Arizona
Population/Age			
Total Population	12,554	110,924	7,278,717
Labor Force/Income/Unemployment			
Average Labor Force	4,824	38,969	3,544,778
Median Income	\$53,569	\$49,449	\$69,056
Unemploy- ment Rate	7.3%	6.4%	4.3%
Households by Income			
Less than \$10,000	4.4%	11.7%	5.4%
\$10,000 to \$14,999	3.9%	4.5%	3.0%
\$15,000 to 24,999	11.1%	10.6%	6.2%
\$25,000 to 34,999	12.4%	12.0%	7.3%
\$35,000 to \$49,999	13.9%	11.8%	11.0%
\$50,000 to \$74,999	22.9%	17.2%	17.3%
\$75,000 to \$99,999	9.4%	10.7%	13.8%
\$100,000 to \$149,999	12.2%	13.2%	17.8%
\$150,000 to \$199,999	7.6%	5.4%	8.6%
\$200,000 or more	2.2%	2.9%	9.6%



Show Low was named after a marathon poker game played between two early settlers. They decided there was not enough room for both of them in the community and agreed to let a game of cards decide who was to get the 100,000 acre ranch and who was to move on. According to the story, one of them said, "If you can show low, you win." The other one turned up the deuce of clubs and replied, "show low it is." Show Low got its name from that card game and Show Low's main street is named "Deuce of Clubs" in remembrance.

Show Low was founded in 1870, incorporated in 1953, and is not only the largest city in the White Mountains of Northeastern Arizona it is one of the fastest growing cities in northern Arizona. Show Low is also the business hub and marketing center of the area.

Attractions

- ⇒ Fishing
- ⇒ Camping
- ⇒ Hiking
- ⇒ Horseback Riding
- ⇒ Golf
- ⇒ Big Game Hunting
- ⇒ Apache Sitgreaves National Forest
- ⇒ The Mogollon Rim
- ⇒ Sunrise Park Ski Resort, located on the White Mountain Apache Indian Reservation

Revenues By Source

Source	FY2020-2021 Actuals	FY2021-2022 Actuals	FY2022-2023 Actuals	Percent Change from Prior Year
Local Sales Tax	\$17,157,931	\$18,585,487	\$19,847,129	6.79%
State Shared Tax	\$3,963,872	\$4,137,062	\$5,090,890	23.06%
Franchise Fees	\$436,244	\$464,389	\$483,376	4.09%
Fines/Forfeitures	\$281,476	\$303,367	\$319,924	5.46%
Planning, Building, & Engineering Fees	\$491,022	\$588,093	\$457,355	-22.23%
Sanitation Use Fees	\$1,075,747	\$1,116,552	\$1,262,943	13.11%
Water Use Fees	\$4,723,317	\$4,683,643	\$4,721,115	0.80%
Wastewater Use Fees	\$3,206,915	\$3,299,621	\$3,516,641	6.58%

Local sales tax continues to increase due to a spike in tourism and the city “Buy Local” campaign with other White Mountain Communities.

The decrease in Planning, Building & Engineering Fees is a result of a decrease in the permit fees for new construction.

State Shared Tax include State Shared sales tax, State Shared Auto License Tax, and State Shared Urban Revenue (Income) Tax.

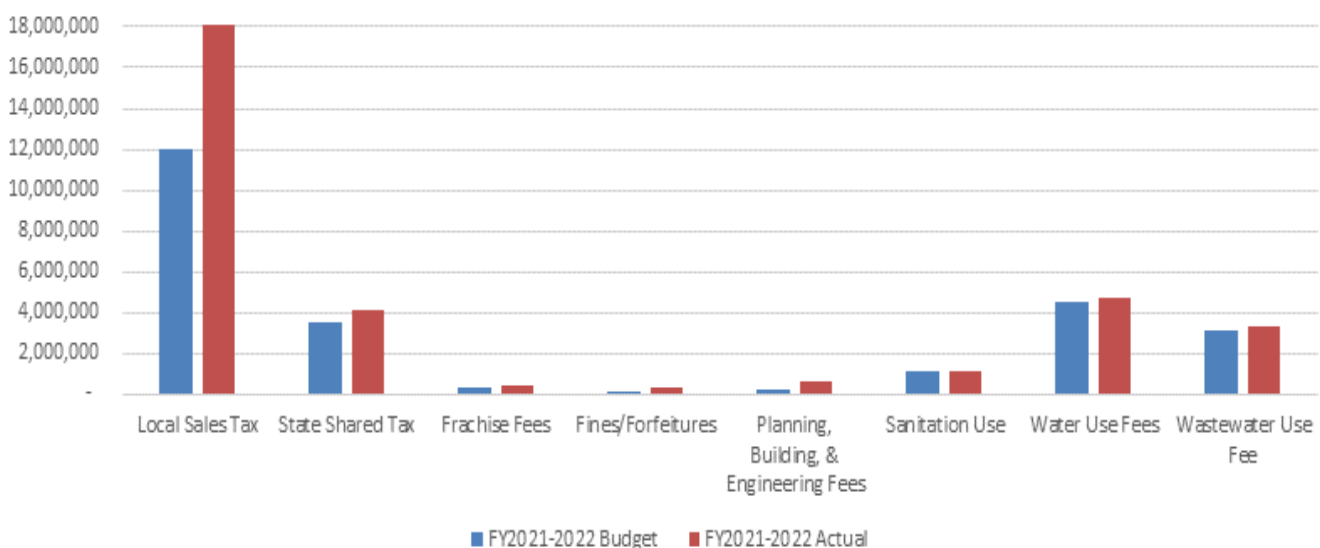
Franchise Fees come from electric (APS and Navopache Electric) and gas revenues (Unisource) under current franchise agreements.

The City of Show Low takes a conservative approach when budgeting revenues each year. Only 95% of expected revenues are budgeted to be spent allowing the City to maintain healthy fund balances for future projects and emergencies.

FY2022-2023 Revenue Source Actual Compared to Budget

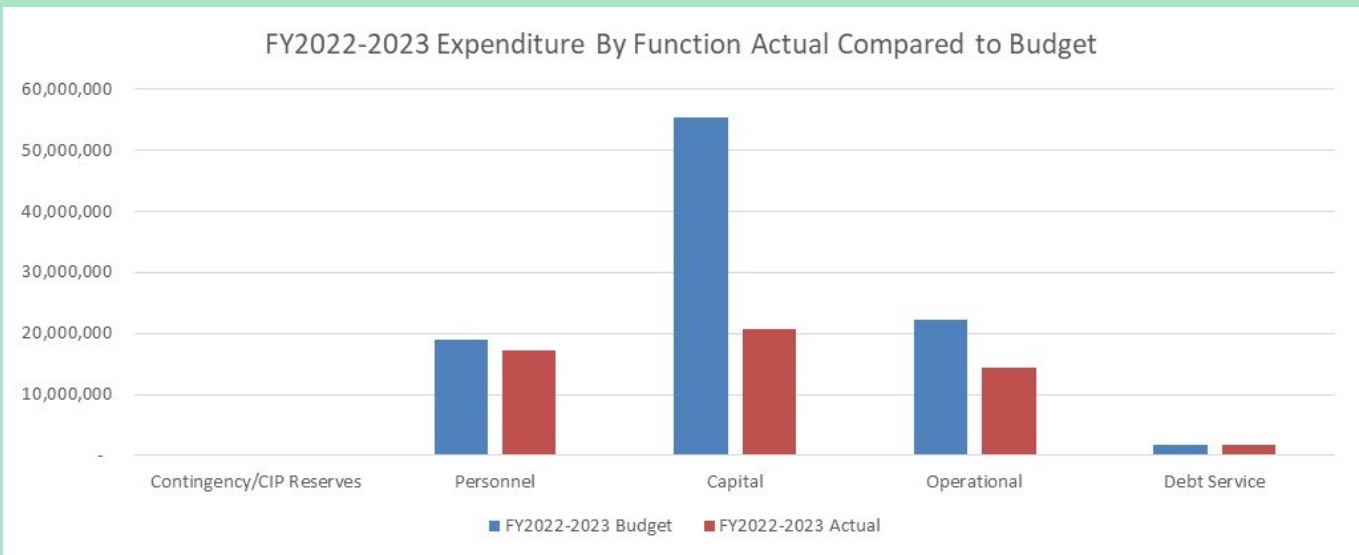


FY2021-2022 Revenue Source Actual Compared to Budget



Expenditures by Function

Function	FY2020-2021 Actuals	FY2021-2022 Actuals	FY2022-2023 Actuals	Percent Change from Prior Year
Personnel	\$13,916,367	15,894,854	17,196,142	8.19%
Operational	\$14,181,091	14,822,006	14,313,284	-3.43%
Capital	\$5,574,389	9,709,202	20,752,788	113.74%
Debt Service	\$2,110,240	1,591,676	1,712,461	7.59%
Contingency/CIP Reserves	\$79,913	27,500	10,000	-63.64%



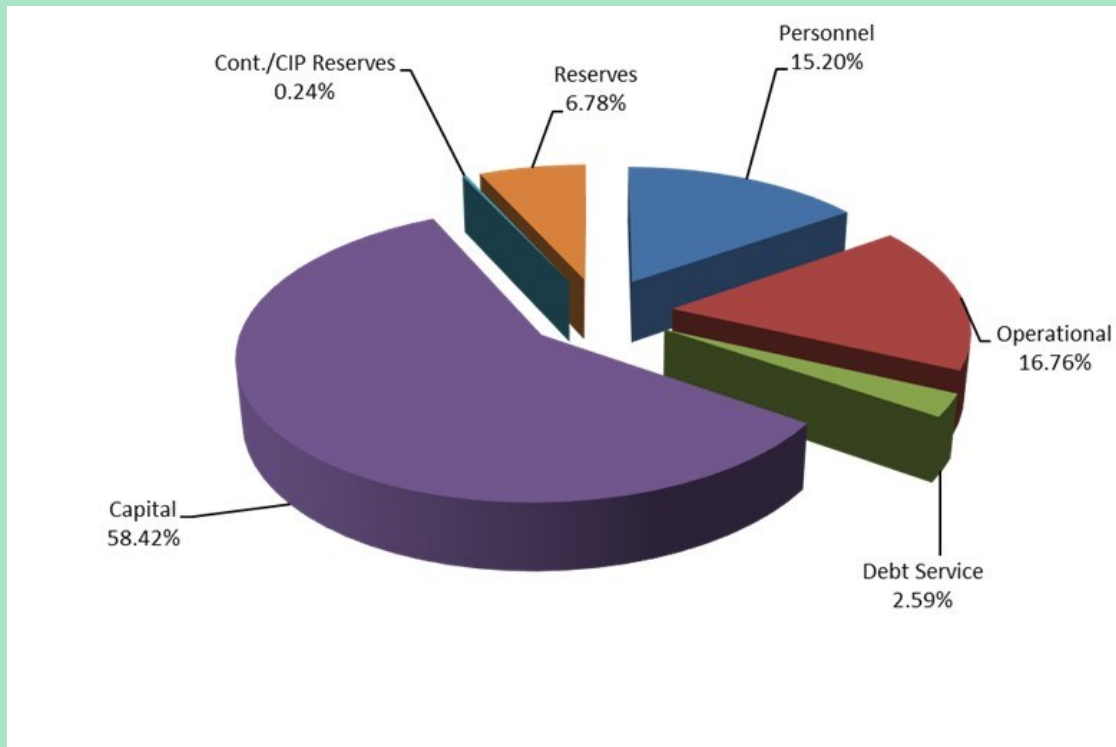
Personnel: The increase in FY2023 from FY2022 is due to an increase in the amount of retirement budgeted for all eligible employees, quarterly one-time payments to employees to help with rising inflation, and annual increases.

Operational: The slight decrease in FY2023 from FY2022 is due to a slight reduction in operating supplies needed.

Capital: The increase in capital is due to an increase in the amount of capital projects in FY2023 from FY2022.

Contingency/CIP Reserves: The decrease in FY2023 from FY2022 is due to a continued reduction in the use of these funds.

WHERE DOES THE MONEY GO?



Operational

The City of Show Low has 21 Divisions whose operational costs were 16.76% of the City's FY2023 Budgeted Expenditures

Reserves

The City of Show Low has approximately \$6.0 million in operating reserves, which is 6.78% of the City's Budget and includes:

- ⇒ 3-months operating reserves for the General Fund, Water, and Wastewater
- ⇒ \$1.0 million in voter required reserves

Personnel

The City has 181.7 Full-time equivalents and personnel costs account for 15.2% of the City's FY2023 Budgeted Expenditures

Debt Service

The City of Show Low's Debt Service made up 2.59% of the City's FY2023 Budgeted Expenditures. Total outstanding debt service principle is \$17,532,836 million. Detailed Debt Service Schedules are available online at www.showlowaz.gov in the current fiscal year's budget book.

Capital

The City of Show Low's capital expenditures for FY2022/2023 was 15,309,188 which was 38.44% of the City's Actual Expenditures. The majority of the capital is in Streets, Wastewater, Water, and the Airport focusing on maintaining and adding new infrastructure.

Governmental Fund Trends

The General Fund is the government's primary operating fund. It accounts for all financial resources devoted to finance services associated with local government. These services include the Library, Public Safety, Legal, Magistrate, Parks/Facilities Maintenance, Community Development, and internal support functions. Below is a summary of the General Fund Expenditures by department. Details can be found in the Annual Comprehensive Financial Report and the current Fiscal Year's Budget, both online at www.showlowaz.gov.

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Expenditures by Division	Actual	Actual	Actual	Actual	Actual	Budget
City Council	86,364	168,451	180,875	119,278	125,289	434,392
General Operations	621,218	1,318,811	1,631,109	1,474,885	5,184,807	21,230,752
Human Resources	280,321	282,436	323,944	294,277	365,033	455,477
Administrative Services	677,377	740,025	776,185	915,420	1,043,438	1,280,800
City Magistrate	122,771	90,991	91,662	98,321	95,587	108,795
City Attorney	248,879	262,974	253,231	250,308	50,843	62,100
City Manager	388,846	390,510	393,905	411,303	491,241	533,746
Planning & Zoning	530,332	526,158	582,570	671,389	715,811	819,734
Library	488,116	549,817	521,823	536,249	558,424	711,900
Information Systems	339,397	323,483	366,185	455,090	676,986	752,419
Parks/Facilities Maintenance	1,238,272	1,242,400	1,428,750	2,547,568	1,999,768	4,848,506
Engineering	659,766	677,813	792,793	733,787	886,223	1,129,130
Police	8,913,220	8,051,368	7,333,121	9,225,232	9,903,472	11,194,151
Parks & Recreation	373,345	313,819	345,263	408,673	490,439	585,193
City Clerk	288,723	211,813	258,650	295,893	61,866	64,500
Show Low TV	235,534	202,815	217,741	186,806	201,453	339,210
Community Services	227,513	225,658	211,123	244,804	55,050	85,900
Cemetery	14,755	18,080	20,356	76,836	6,919	115,000
Airport	3,557,837	1,311,243	1,426,804	2,649,174	1,896,679	4,369,870
Aquatic Center	442,734	454,676	461,073	512,560	635,454	778,647
Total	19,735,320	17,363,341	17,617,163	22,107,793	25,444,782	49,900,222

Notables:

⇒ Increase in Police Expenditures between FY2017/2018 Actual and FY2018/2019 Actual a result of the following:

- * Additional \$3.0 million was budgeted towards the City's unfunded liability for the Public Safety Retirement System
- * An increase was realized between Fiscal Year 2018/2019 Actual and Fiscal Year 2019/2020 Budget due to an additional \$700,000 budgeted towards the City's unfunded liability for the Public Safety Retirement System
- * An increase was realized between Fiscal Year 2020/2021 Actual and Fiscal Year 2021/2022 Actual due to an increase in the payment to the Public Safety Retirement System for the City's unfunded liability

⇒ Increase in Parks/Facilities Maintenance actuals between Fiscal Year 2020/2021 and Fiscal Year 2021/2022 was due to additional capital projects being completed

⇒ Increase in Airport actuals between Fiscal Year 2020/2021 and Fiscal Year 2021/2022 was due to a large portion of the Rehabilitation South Apron project being completed

Governmental Fund Trends

The General Fund is the government's primary operating fund. It accounts for all financial resources devoted to finance services associated with local government. These services include the Library, Public Safety, Legal, Magistrate, Parks/Facilities Maintenance, Community Development, and internal support functions. Below is a summary of the General Fund Revenues by Category. Details can be found in the Annual Comprehensive Financial Report and the current Fiscal Year's Budget, both on-line at www.showlowaz.gov.

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	% Change
Revenues by Category	Actual	Actual	Actual	Actual	Actual	Over Prior Year
Taxes	\$13,736,724	\$14,365,258	\$17,594,175	\$19,049,876	\$20,330,505	6.72%
License and Permits	\$306,183	\$314,246	\$492,022	\$588,093	\$374,915	-36.25%
Intergovernmental Revenues	\$5,864,393	\$5,046,528	\$4,565,660	\$9,047,036	\$5,490,544	-39.31%
Charges for Service	\$1,919,444	\$2,006,235	\$2,507,659	\$2,936,194	\$2,870,075	-2.25%
Fines and Forfeitures	\$200,356	\$217,451	\$281,477	\$303,367	\$316,867	4.45%
Interest	\$358,259	\$273,163	\$10,835	\$17,430	\$834,727	+100%
Miscellaneous Revenue	\$162,520	\$217,388	\$258,801	\$225,113	\$286,561	27.3%
Total	\$22,547,878	\$22,440,269	\$25,709,628	\$32,167,109	\$30,504,194	-5.17%

Revenues by Category above represent the major revenue categories. The City of Show Low budgets revenue at 95% of expected revenues remaining conservative in our budget approach. Total revenue detail can be found on Page 20 of the FY2022/2023 Annual Comprehensive Financial Report.

Notables:

- ⇒ License and Permits decreased due to a reduction in the number of building permits
- ⇒ Intergovernmental Revenues decreased from Fiscal Year 2021/2022 and Fiscal Year 2022/2023 due to a reduction in grant funds
- ⇒ The State Shared Revenues, Urban Revenue, Vehicle License Tax, and HURF Shared Revenues are all programed at 95% of the States estimates.

	State Estimate	City Budget	95%
	Fiscal Year 22/23	Fiscal Year 22/23	Difference
Sales Tax	\$1,679,259	\$1,595,296	\$83,963
Income Tax (Urban Revenue)	\$2,264,378	\$2,151,159	\$113,219
Vehicle License Tax	\$1,095,611	\$1,040,830	\$54,781
HURF Shared Revenue	\$2,191,074	\$2,081,520	\$109,554
Total	\$7,230,322	\$6,868,806	\$361,516

Business Type Fund Trends

Proprietary Funds or Business Type Funds include Sanitation, Wastewater and Water. The City charges a fee to customers that is intended to cover all of the costs of services within these funds. Types of services include curbside trash and recycling weekly pick ups, Annual Project Clean Sweep program, Christmas Tree Recycling Program, Electronic and Hazardous Waste Program, Water and Wastewater infrastructure maintenance, repairs, replacements, and additions. Details can be found in the Annual Comprehensive Financial Report and the current Fiscal Year's Budget, both on-line at www.showlowaz.gov.

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	% Change
Expenditures By Fund	Actual	Actual	Actual	Actual	Actual	Over Prior Year
Sanitation	\$936,051	\$987,441	\$1,076,216	\$1,093,322	\$1,269,931	16.15%
Wastewater	\$3,240,518	\$3,186,754	\$3,206,849	\$4,563,126	\$5,885,740	28.98%
Water	\$3,344,559	\$3,628,114	\$3,828,900	\$5,713,095	\$7,707,928	34.92%
Total	\$7,521,128	\$7,802,309	\$8,111,965	\$11,369,543	\$14,863,599	30.73%

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	% Change
Revenues By Fund	Actual	Actual	Actual	Actual	Actual	Over Prior Year
Sanitation	\$952,765	\$1,025,905	\$1,075,747	\$1,118,615	\$1,269,931	13.53%
Wastewater	\$2,888,156	\$3,108,424	\$3,155,246	\$3,760,077	\$3,575,424	-4.91%
Water	\$4,506,540	\$4,589,776	\$4,741,657	\$6,117,200	\$7,082,724	15.78%
Total	\$8,347,461	\$8,724,105	\$8,972,650	\$10,995,892	\$11,928,079	8.48%

Notables:

- * In Fiscal Year 2018/2019 Wastewater expenditures decreased as some capital expenditures were not completed and were carried forward to FY2019/2020.
- * In Fiscal Year 2020/2021 Water Expenditures increased due to larger capital projects budgeted for fiscal year.
- * Actual expenditures in Wastewater and Water increased in Fiscal Year 2021/2022 over Fiscal Year 2020/2021 due to the completion of several capital projects
- * Actual revenues in Wastewater increased in Fiscal Year 2021/2022 over Fiscal Year 2020/2021 due to additional debt proceeds received for a revenue bond
- * Actual revenues in Water increased in Fiscal Year 2021/2022 over Fiscal Year 2020/2021 due to an increase in the Water Rights Preservation Fee and an increase in water meter installations due to an increase in building for both residential and commercial
- * Actual revenues in Wastewater decreased in Fiscal Year 2022/2023 over Fiscal year 2021/2022 due to a decrease in the debt proceeds received for revenue bonds

Statement of Net Position

The statement of net position is a condensed overview of the City's assets and liabilities as of June 30, 2022 and June 30, 2023. The difference represents the amount the City owns compared to the amount owed. A portion of the City's net position reflects its investment of \$118,587,851, or 70.57% in capital assets. An additional portion of \$1,028,357, or 0.61%, represents restricted net position. The remaining balance is unrestricted net position of \$48,415,502, or 28.81%. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government and business-type activities. The City can also report the majority of the City's net position is in the investment in capital assets, which is reflective of the City Councils Strategic Goals.

	Governmental Activities		Business-Type Activities		Total Current	Total Previous
	Current Year	Previous Year	Current Year	Previous Year	Year	Year
Current and Other Assets	\$46,177,952	\$42,458,100	\$17,929,131	\$16,670,438	\$64,107,083	\$59,128,537
Net capital assets	\$75,294,649	\$71,759,702	\$55,253,073	\$51,707,270	\$130,618,590	\$123,453,257
Total Assets	\$121,472,601	\$114,217,802	\$73,252,073	\$68,411,670	\$194,725,673	\$182,581,794
Deferred outflows of resources	\$4,683,641	\$4,245,669	\$259,014	\$365,757	\$4,942,655	\$4,611,426
Total assets and deferred outflows	\$126,156,242	\$118,463,471	\$73,512,087	\$68,777,427	\$199,668,329	\$187,193,221
Long-term debt outstanding	\$6,882,413	\$7,414,895	\$5,148,327	\$4,365,255	\$12,030,740	\$11,780,150
Other Liabilities	\$12,038,410	\$10,183,574	\$3,267,825	\$2,642,531	\$15,306,235	\$12,826,105
Total Liabilities	\$18,920,823	\$17,598,469	\$8,416,152	\$7,007,786	\$27,336,975	\$24,606,255
Deferred inflows of resources	\$2,705,045	\$7,286,315	\$1,594,599	\$461,044	\$4,299,644	\$7,747,360
Total liabilities and deferred in- flows	\$21,625,868	\$24,884,785	\$10,010,751	\$7,468,830	\$31,636,619	\$32,353,615
Net Position:						
Net Investment in capital assets	\$68,412,236	\$64,344,807	\$50,175,615	\$47,328,300	\$118,587,851	\$111,673,107
Restricted	\$1,028,357	\$857,607	\$0.00	\$0.00	\$1,028,357	\$857,607
Unrestricted	\$35,089,781	\$28,376,272	\$13,325,721	\$13,980,297	\$48,415,502	\$42,356,569
Total net position	\$104,530,374	\$93,578,686	\$63,501,336	\$61,308,597	\$168,031,710	\$154,887,283

- ◇ **Assets:** Current and other assets are economic resources held with the expectation of sale, conversion to cash or use within the near future, usually twelve months
- ◇ **Capital Assets:** Are investments in land, buildings, equipment, improvements and infrastructure that are long-term in nature and therefore not available for future spending
- ◇ **Long-Term Liabilities:** Are outstanding are mainly debt obligations incurred by the City to finance major projects or large purchases
- ◇ **Other Liabilities:** Are the City's payment obligations due within one year and include principal and interest on long-term debt due within the next year, accounts payable, and accrued items, such as payroll and interest
- ◇ **Deferred Outflows/Inflows of Resources:** Deferred outflows/inflows of resources are expenses/revenues that have been incurred/ received but are not yet being recognized until a future period
- ◇ **Net Position:** Net investment in capital assets represents the City's investment in capital assets less any related outstanding debt used to acquire those assets
- ◇ **Restricted Net Position:** Are resources subject to restrictions on how they may be used. The City sets aside resources for debt service, capital projects, street improvements, grantor and contributor purposes.
- ◇ **Unrestricted Net Position:** Are the accessible resources available to provide residents services if no additional revenues or resources are obtainable

The financial information is drawn from the City of Show Low's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The ACFR will be presented to the Government Finance Officers Association of the United States and Canada (GFOA) to seek the award for Achievement for Excellence in Financial Reporting.

The Certificate of Achievement is the highest form of recognition for excellence in state and local government reporting and its valid for one year. The ACFR must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

The City of Show Low has received this award for the past 20 years.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Show Low
Arizona

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

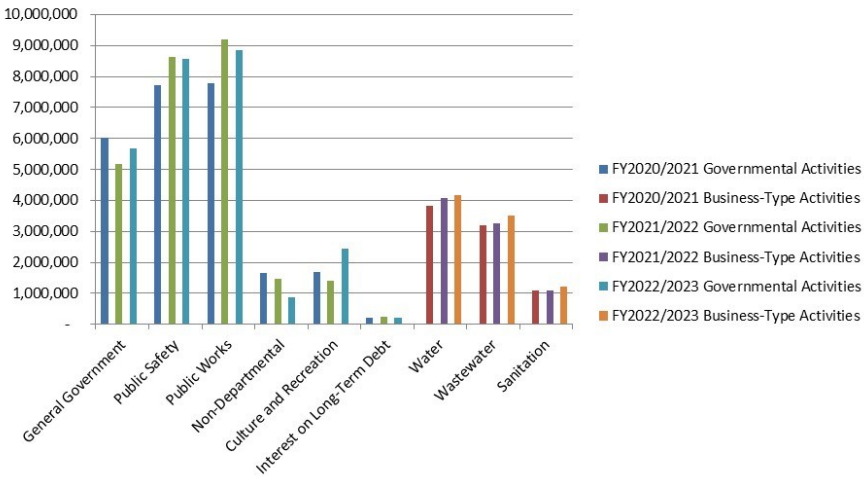
Christopher P. Morrell
Executive Director/CEO

Financials

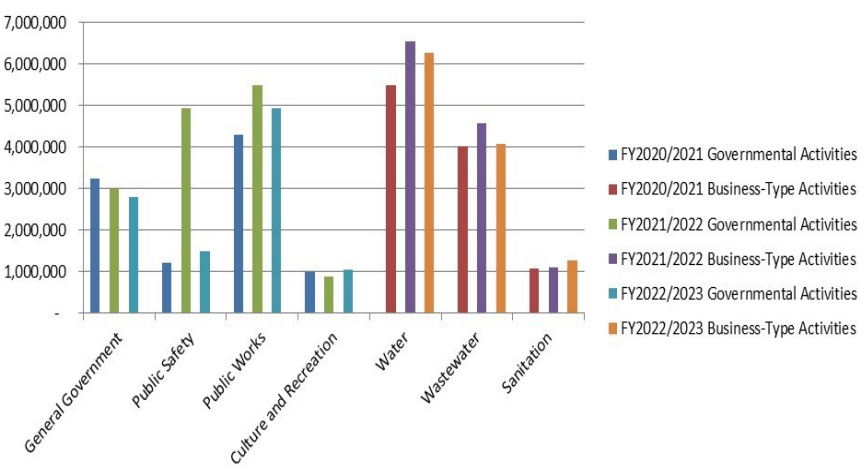
Statement of Activities

The graphs below show the expenses and revenues for governmental and business-type activities as it relates to the program category in which the funds were expended or collected. Governmental activities include the General Operating Fund, Debt Service, Capital Projects, and Special Revenue Funds. Business-type activities include Sanitation, Water, and Wastewater Funds.

Governmental and Business-Type Activities - Expenses



Governmental and Business-Type Activities - Revenues



Investments

The City's investment policy applies to activities of the City of Show Low with regard to investing the financial assets of the General Fund and all other Funds established by the City. The investment portfolio shall be managed in a manner to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio. Investments shall be based on statutory constraints and the primary investment criteria in priority sequence are 1) Safety, 2) Liquidity, and 3) Avoidance of Speculation.

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP) with no regulatory oversight. The LGIP is available for investment of funds administered by any Arizona Public Treasurer. The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations, guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rate "P1" by Moody's investors or "A1" by Standard and Poor's rate service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000 procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2023, the City had the following deposits and investments:

		Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
(1)	Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable	Cash on Deposit	\$4,738,617	N/A
		Cash on Hand	\$2,146	N/A
(2)	Interest Rate Risk is estimated using the weighted average days to maturity	Local Governments Investment Pool 5*	\$21,232,792	AAA f/S1+
		Local Governments Investment Pool 500*	\$6,544,675	AA-3
		Money Market	\$1,277,473	N/A
		US Gov Bonds	\$461,504	N/A
		US Gov Bonds	\$8,262,670	AAA
		CD	\$8,484,996	N/A
		Corporate	\$2,548,485	A
			\$53,553,355	

⇒ Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

⇒ Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35-323). A.R.S. 35-323 requires that the City's investment portfolio maturities do not exceed five years from the time of purchase.

⇒ Fair Value Measurements

As noted above, the City holds investments that are measured at fair value on a recurring basis. The City categorizes its fair value measurements with in the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The state treasurer and Moreton investment pools, mutual funds, and certificates of deposit, as listed above, are valued using quoted prices by recognized broker dealers that are easily tracked and verifiable (Level 1 Inputs).

Capital Assets

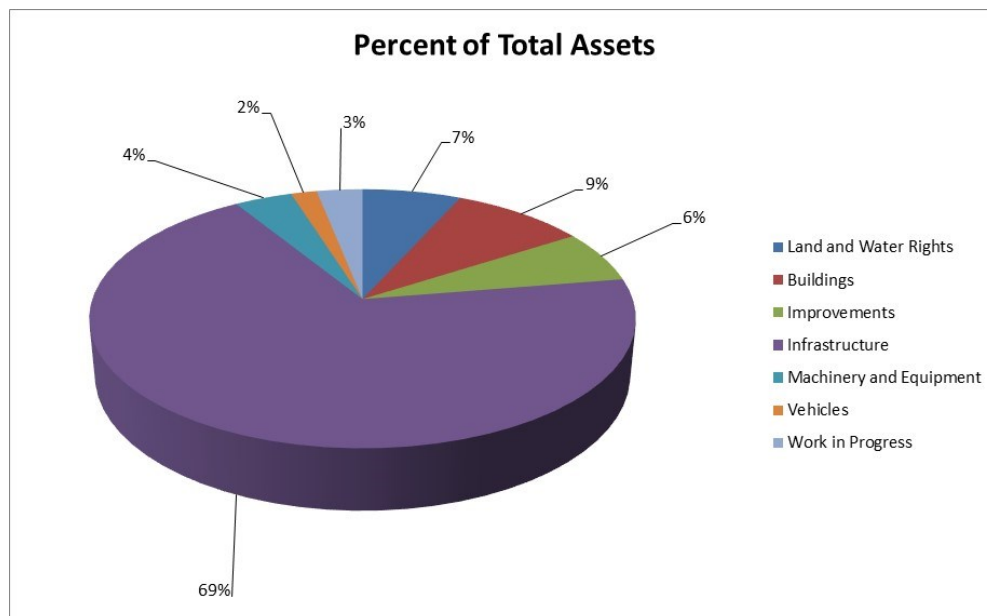
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation of capital assets is computed using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. Property, plant, and equipment of the primary government, as well as the component units (if any), are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40 years
Machinery and Equipment	5 to 15 years
Vehicles	5 to 15 years
Streets, Sidewalks & Other Infrastructure	40 years

City of Show Low's Capital Assets (net of depreciation)
As of June 30, 2023

	Governmental Activities		Business-Type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Land and Water Rights	\$7,580,485	\$7,580,485	\$1,256,833	\$1,256,833	\$8,837,318	\$8,837,318
Buildings	\$11,768,037	\$12,572,877	\$234,436	\$2,44,719	\$12,002,472	\$12,817,596
Improvements	\$8,457,749	\$7,095,351	\$0.00	\$0.00	\$8,457,749	\$7,095,351
Infrastructure	\$40,420,046	\$37,330,788	\$49,327,532	\$46,532,282	\$89,747,578	\$83,863,070
Machinery and Equipment	\$2,720,402	\$2,015,295	\$2,450,957	\$1,901,572	\$5,171,358	\$3,916,867
Vehicles	\$2,082,504	\$1,982,585	\$229,268	\$263,018	\$2,311,772	\$2,245,603
Work in Progress	\$2,265,427	\$3,182,320	\$1,824,916	\$1,495,132	\$4,090,343	\$4,677,452
Totals	\$75,294,649	\$71,759,702	\$55,323,941	\$51,693,555	\$130,618,590	\$123,453,257



Debt Management

The City utilizes long-term debt to finance capital projects with long useful lives. Financing capital projects with debt provides for an “intergenerational equity”, as the actual users of the capital asset pay for its costs over time, rather than one group of users paying in advance for the cost of the asset. The City’s debt policy is to provide for the preservation and eventual enhancement of the City’s bond ratings, the maintenance of adequate debt service reserves, compliance with debt instrument covenants and provisions, and required disclosures to investors, underwriters, and rating agencies. The policy guidelines will also be used when evaluating the purpose, necessity, and condition under which debt will be issued.

City of Show Low’s Outstanding Debt As of June 30, 2023

Governmental Activities	Principal Balance	Term of Debt
Community Facilities District	\$970,000	July 2031
Excise Tax Rev. Ref. Bonds—Series 2015	\$4,275,000	July 2026
Excise Tax Rev. Bonds—Series 2021	\$678,120	July 2026
Energy Conservation Equipment Lease	\$338,000	July 2027
Accrued Compensated Absences	\$1,074,621	
Energy Conservation Equipment	\$594,304	August 2034
Landfill Monitoring Costs	\$26,988	
Net Pension Liability	\$8,249,771	
Total Governmental	\$16,206,803	
Business-Type Activities		
WIFA Loan—Water PV/FH	\$1,118,737	July 2032
WIFA Loan—Water Pineview	\$1,979,159	July 2031
Sewer System Rev. Ob.—2014	\$335,000	July 2024
Excise Tax Rev. Bonds—Series 2021	\$1,715,430	August 2029
Accrued Compensated Absences	\$76,180	
Net Pension Liability	\$1,559,609	
Total Business-Type	\$6,781,114	
Total Outstanding Debt	\$22,990,918	

- ⇒ **Community Facilities District:** Show Low Bluff Community Facilities District Bonds at an interest rate ranging from 5.2% to 5.6% due in annual principal installments and semiannual interest installments. As a Community Facilities District, the liability is not the responsibility of the City of Show Low.
- ⇒ **Excise Tax Rev. Ref. Bonds—Series 2015:** At an average coupon rate of 2.42% the 2015 loans were issued and transferred to an Escrow Trust to repay in advance of maturity the \$4,722,410 of the GADA Bonds Series 2006B principal and interest and \$4,000,000 of the proceeds were issued to finance the costs of the new Public Safety Building. There was \$142,590 transferred to an Escrow Trust to pay fees and expenses for the refunding
- ⇒ **Energy Conservation Equipment Lease:** The lease is for the guaranteed energy conservation measures agreement which included inventorying and studying potential energy savings upgrades to provide the City with a turnkey energy conservation and modernization solution that can be paid for through energy and operational cost savings.
- ⇒ **Capital Leases:** The City has entered into a lease agreement which is considered a capital lease in accordance with Generally Accepted Accounting Principles. The Lease is for the Qualified Energy Conservation Bond (QECB)
- ⇒ **WIFA Loan—Water PV/FH:** Bearing an interest rate of 2.8%, this loan was for the purchase of the Park Valley/Fool Hollow Water System
- ⇒ **WIFA Loan—Water Pineview:** Bearing an interest rate of 3.096%, this loan was for the purchase of the Pineview Water System
- ⇒ **Sewer System Rev. Ob.—2014:** Bearing an interest rate of .23%, this loan was for the finance costs of the Waste Water Treatment Plant Expansion project
- ⇒ **Excise Tax Revenue Bond—Series 2021:** Bearing an interest rate of 0.990%, this bond was for capital projects within the HURF fund in order to catch up on projects within the Wastewater Fund.
- ⇒ **Excise Tax Revenue Bond—Second Series 2021:** Bearing an interest rate of 1.20%, this bond was for capital project within the Wastewater fund

Contact Information

City Staff

City Manager	Morgan Brown	mbrown@showlowaz.gov
Deputy City	Justin Johnson	jjohnson@showlowaz.gov
Anna Atencio	Attorney	aatencio@showlowaz.gov
Rachael Hall	City Clerk	rahall@showlowaz.gov
Brad Provost	Police Chief	bprovost@showlowaz.gov
Scott Tipton	City Magistrate	stipton@showlowaz.gov
William Kopp	Public Works Director	bkopp@showlowaz.gov
Jay Brimhall	Community Service Director	jbrimhall@showlowaz.gov
Justen Tregaskes	Planning & Zoning Director	jtregaskes@showlowaz.gov



MAYOR

John Leech Jr.

VICE-MAYOR

Connie Kakavas

COUNCIL MEMBERS

Brandt Clark

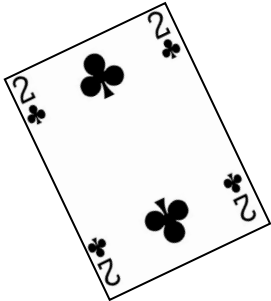
Mike Allsop

Jon Adams

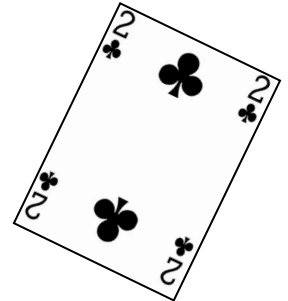
Bryce Judd

Brent Hatch

“Named by the Turn of a Card”



Show Low was named after a marathon poker game played between two early settlers. They decided there wasn't enough room for both of them in the community and agreed to let a game of cards decide who was to get the 100,000 acre ranch and who was to move on. According to the story, one of them said, “If you can *show low*, you win.” The other one turned up the deuce of clubs and replied, “*show low* it is.” Show Low got its name from that card game and Show Low’s main street is named “Deuce of Clubs” in remembrance.



City of Show Low

180 N 9th Street
Show Low, AZ 85901

928.532.4000 ph
928.532.4044 fax

www.showlowaz.gov.